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## WEEKLY FINANCIAL SERVICES REPUBLICAN ROUND-UP 9.10.2010

Real Action On Fannie And Freddie Is Needed.

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Democrats have done nothing to end the bailout of Fannie Mae and Freddie Mac. Instead, Democrats have repeatedly said its "too complicated" to address. Yet, the Congress has a duty to address issues of national significance, especially when hundreds of billions of taxpayer dollars are at stake. Already, the cost to taxpayers of bailing out Fannie and Freddie has reached \$150 billion and counting. Enough is enough.

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Instead of acting upon legislation to address Fannie and Freddie, the Democrats continue to stage conferences and hearings. The Democrats' "planning to plan" strategy must end.

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Committee Republicans have repeatedly called for the Committee to convene legislative hearings on the Republican bills already introduced to end the bailout and reform Fannie and Freddie. Unfortunately, the Democrats have not scheduled any legislative hearings on the topic.

Republicans Recognize The Need For An Exit Strategy From Fannie, Freddie.

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In July 2009, House Republicans proposed legislation to protect taxpayers by reforming Fannie Mae and Freddie Mac. Not only did the Republican financial regulatory reform legislation (H.R. 3310) include an exit strategy from Fannie and Freddie, Republicans also issued a set of principles of GSE reform. The principles would wind down the operations of Fannie and Freddie within four years.

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House Republicans have also introduced:

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H.R. 4476 to limit the compensation of Fannie Mae and Freddie Mac executives to the rates of pay for Executive and Senior level employees of the United States Government;

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H.R. 4889 to end the government conservatorship of Fannie Mae and Freddie Mac, and phase out taxpayer support;

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H.R. 4450 to establish an Independent Inspector General within the Federal Housing Finance Agency, the GSEs' regulator;

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H.R. 4581 to require regular reports to Congress outlining taxpayer liabilities, investment decisions, and management details of Fannie Mae and Freddie Mac;

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H.R. 4884 to facilitate a robust covered bonds market in the U.S.; and

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H.R. 4653 to put the two GSEs on budget.

## ON THE HORIZON

Wednesday, September 15: At 9:30 am in room 2128 Rayburn, the Capital Markets Subcommittee will meet for a hearing on the GSEs.

Thursday, September 16: The Full Committee will meet for a hearing titled, "Legislative Proposals to Address Concerns Over the SEC's New Confidentiality Provision" at 10 am in room 2128 Rayburn.

## WEEKEND MUST-READS

Wall Street Journal: "SEC Examines Funds of Hedge Funds ... The Securities and Exchange Commission is examining whether firms that collect fees for funneling investors into hedge funds are properly overseeing client money and dealing with potential conflicts of interest, people familiar with the matter said."

Wall Street Journal: "What Should the Federal Reserve Do Next? ... To establish Fed policy going forward, the best place to start is to consider what has worked in the past. During the two decades before the recent financial crisis, the Fed employed a reasonably rule-based strategy for adjusting the money supply and the interest rate. The interest rate rose by predictable amounts when inflation increased, and it fell by predictable amounts during recessions."

NY Times: "Bank Panel Nears Deal On Tighter Regulations ... Regulators from the world's largest economies appear close to agreement on tightening rules intended to prevent future financial crises, prompting renewed warnings from the banking industry that economic growth could suffer if institutions were required to raise more capital to insulate against market shocks."

Washington Times: "CHENEY: Unleash credit unions to spark small-business expansion ... The economic slowdown is dragging on. Last month, the U.S. government lowered its estimated rate of growth in the second quarter to an anemic 1.6 percent."

## CARTOON OF THE WEEK

(Washington Post)